BACKGROUND

The reciprocity agreement between the state of Wisconsin and Minnesota has been in effect since 1968 and is reviewed and negotiated by the Minnesota Office of Higher Education and the Wisconsin Higher Education Aids Board after consultation with the Minnesota State Colleges & Universities and the University of Minnesota. A revision to the Wisconsin/Minnesota tuition reciprocity agreement has been negotiated by officials of the two states.

In Minnesota, the reciprocity agreement must be approved by the governing boards of the University of Minnesota and the Minnesota State Colleges and Universities. In Wisconsin, minor statutory changes will be offered for inclusion in the state budget bill and the agreement requires review and approval by the Joint Finance Committee of the Wisconsin Legislature.

In the 2005-06 academic year, approximately 13,595 Minnesota students and 11,418 Wisconsin students participated in this program. Under the proposed agreement, there is no change for Minnesota students attending public universities in Wisconsin. Minnesota residents will continue paying the same price they would pay at a comparable public university in their home state. The same is true for Wisconsin students attending school in Minnesota. But the financing structure of the agreement has been modified to address a growing gap between tuition paid by Minnesota residents and Wisconsin residents attending our state universities. The new agreement makes changes to the existing agreement and those changes are shown in the attached version of the agreement by striking out prior language and underlining new language (attachment a). Significant changes are as follows:

- Because the resident undergraduate tuition rates at the state universities are currently higher than tuition at the state universities in Wisconsin, Wisconsin residents are currently paying $178 to $1,048 less to attend MnSCU universities than Minnesota residents. The proposed new agreement addresses this tuition disparity by charging all students the higher of the two resident tuition rates. In the case of Wisconsin students attending higher-priced institutions in Minnesota, the state of Wisconsin will provide a “tuition reciprocity supplement” for students to cover the increase in tuition charges.

- The proposed pact does not present new costs for Wisconsin taxpayers. Under the existing agreement, a cost-based interstate payment calculation prevents either state from bearing a disproportionate share of the cost of educating students from the other state. This calculation, which will continue under the proposed agreement, has required Wisconsin to make annual payments to Minnesota’s General Fund for the last several years. The state of
Wisconsin will continue to make payments to Minnesota, but a portion of those payments will be redirected to the MnSCU universities and the University of Minnesota to fund reciprocity supplements paid on behalf of Wisconsin students attending school in Minnesota.

- For two-year colleges their will be no change as currently the Wisconsin resident tuition rate is higher then the MnSCU Minnesota resident rate.

- The agreement is effective with new students matriculating in 2008-2009. Students currently attending will be covered by the prior agreement until they are no longer continuously enrolled or until the end of the 2011-2012 academic year or until the completion of a student’s program whichever occurs first.

- If this agreement had been fully implemented in the current year based on FY2007 tuition rates and estimated reciprocity enrollment MnSCU universities would have received, from the Wisconsin “tuition reciprocity supplement”, a payment slightly in excess of $1.7 million for the over 3,200 FYE students attending from Wisconsin. Winona State University has two-thirds of the students attending they would have received over $1.1 million.

- Currently MnSCU colleges enroll over 1,250 FYE students from Wisconsin and based on FY2007 rates they receive over $600,000 in additional tuition revenue from the Wisconsin student who pays the higher Wisconsin reciprocity rate when attending one of the community or consolidated colleges. For stand alone technical colleges the student attending from either state will continue to pay the resident tuition of the institution that they attend.

This agreement is to be effective July 1, 2007 and will continue year to year unless modified at any time upon mutual agreement of both parties. A slight risk to the system would result if Wisconsin eliminates the “tuition reciprocity supplement” and as a result the Wisconsin student being charged the higher Minnesota rate might choose to go elsewhere. If that were to occur a request to reopen negotiations for changes to the agreement could be initiated.

The new agreement was negotiated by representatives of the Minnesota Office of Higher Education and representatives of the Wisconsin Higher Educational Aids Board, which are the two agencies responsible for administration of the agreement in the respective states. Details of reciprocity tuition rates and other minor changes to the new agreement will be mutually agreed upon each year and included in an annual administrative memorandum executed between representatives of these two agencies. (Attachment b is a draft of a proposed memorandum for 2007-08 academic year for your information.)

**RECOMMENDED MOTION:**

The Board of Trustees approves the Wisconsin/Minnesota Reciprocity Agreement as required by M.S. 136A.08, Subd. 6, effective July 1, 2007.

*Date Presented to the Board of Trustees: July 18, 2007*
*Date of Implementation: July 1, 2007*